

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of Wisconsin Energy Corporation
For Approval to Acquire the Outstanding Common
Stock of Integrys Energy Group, Inc.

Docket No. 9400-YO-100

**REPLY BRIEF OF THE INTERNATIONAL UNION
OF OPERATING ENGINEERS - LOCAL 420**

I. INTRODUCTION

The International Union of Operating Engineers, Local 420 ("Local 420") intervened in this proceeding not to oppose WEC's application to acquire Integrys but rather to recommend that the Commission direct the Company to comply with two modest conditions to protect ratepayers in the near future following the acquisition: first, that WEC maintain the current levels of full time equivalent employees ("FTE") at WEC's subsidiary utilities for five years following the acquisition, or at least until its subsidiary utilities obtain approval from the Commission to adjust the rates charged to customers (Ex-WEC-Lauber-4, item 55); and second, that WEC to meet and confer with Local 420 and other labor unions representing its employees regarding its post-acquisition workforce planning (Ex-WEC-Lauber-4, item 57). As Local 420 has consistently maintained throughout these proceedings, these conditions are not burdensome and will help to ensure that Wisconsin ratepayers continue to receive reliable and cost-effective services from WEC utilities while the Company develops its post-acquisition workforce plans.

II. THE COMMISSION SHOULD ADOPT THE CONDITION THAT WEC MEET AND CONFER WITH LOCAL 420 AND OTHER LABOR REPRESENTATIVES IN DEVELOPING A POST-ACQUISITION WORKFORCE PLAN.

Curiously, in its initial brief, WEC argues that the Commission should treat Local 420's proposed conditions as "uncontested" because WEC "rejected" them and Local 420 "did not respond" to WEC's rejection. This is simply not the case. WEC's witness Leverett testified that the Commission should reject the proposed condition on workforce planning based solely on his opinion that the proposal was "too vague" (Rebuttal-WEC-Leverett-15). Leverett's rebuttal testimony did not introduce new facts relating to the Company's workforce plans. Counsel for Local 420 cross-examined WEC witness Leverett to probe the basis of his opinion that a requirement to meet and confer with labor representatives is "too vague," eliciting his admissions that WEC currently engages in workforce planning; that the Company intends to continue engaging in workforce planning after the proposed acquisition; that he and other executives meet periodically with union leaders when the Company makes decisions affecting the workforce; that he and other executives allow union leaders to provide feedback and ask questions related to the Company's plans; and that the Company intends to continue such meetings in the future and to allow union leadership to provide feedback or input in such plans after the acquisition (Tr. Vol. 4, 65-68). Witness Leverett correctly acknowledged that this process of meeting and conferring with labor representatives and allowing them to provide input and feedback on the Company's workforce plans, is not collective bargaining (Tr. Vol. 4, 67). This colloquy demonstrated that the proposed

condition is not too vague or confusing for the Company to implement appropriately. It showed that WEC has a solid understanding of the meet-and-confer process, is able to clearly distinguish a meet-and-confer process from collective bargaining, and understands that meeting and conferring with union leaders will not compromise its management rights. Local 420 made similar arguments in its initial brief (*see* Brief at pp. 10-12). Local 420 clearly has not acceded to WEC's "rejection" of the proposed condition as too vague or poorly defined to be successfully implemented by the Company.

Furthermore, in its initial brief, WEC argues that the Commission should "reject Local 420's invitation to act as some sort of super-personnel committee." Nowhere has Local 420 proposed that the Commission act as "some sort of super-personnel committee." Nor is Local 420 seeking to force the Company into an involuntary compromise; rather, it seeks to ensure a commitment by the Company to provide its represented workforce with notice and an opportunity to respond to the Company's plans for the workforce after the acquisition is approved.

Aside from its efforts to mischaracterize both the proposed condition and Local 420's position, WEC has provided no substantive reason for the Commission to reject the proposed condition. WEC has not responded at all to Local 420's assertions that the proposed condition will benefit the ratepayers and the public by ensuring that WEC obtains input from its frontline workers regarding how its plans may impact the delivery of energy services to ratepayers, including potential impacts on worker safety, timely and reliable service, employee morale, and other important issues. Local 420

respectfully urges the Commission to approve the proposed condition related to workforce planning.

III. THE COMMISSION SHOULD ADOPT THE CONDITION THAT WEC MAINTAIN THE CURRENT FTE LEVELS OF ITS SUBSIDIARY UTILITIES FOR FIVE YEARS OR AS LONG AS THE CURRENT RATES ARE MAINTAINED.

WEC likewise has offered little by way of a substantive response to Local 420's proposed condition that the Company maintain current FTE counts at its subsidiary utilities for a five-year period after the acquisition. WEC opposes this condition solely on the basis that the condition would "more than double to commitment WEC has already made for the first two years following the Transaction" (WEC Initial Brief, p. 26, citing Rebuttal-WEC-Leverett-15-16). This mathematical assertion does nothing to rebut Local 420's position that the five-year period is appropriate to ensure that WEC will not unnecessarily hold positions vacant during the relatively short timeframe within which WEC does not anticipate that the transaction will result in cost savings (IUOE Local 420 Initial Brief, p. 8-9; Direct-IUOE Local 420-Maierle-12).

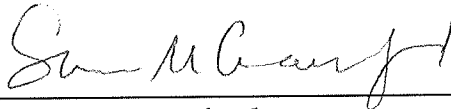
Local 420 thus did not pull the five-year time period out of thin air. WEC, in response to staff data requests, indicated that the projected savings in non-fuel O&M arising from the merger "is expected to occur *after* a five to ten year ramp-up period" (Ex.IUOE Local 420-6, emphasis added).

WEC likewise has failed to acknowledge that its commitment to reduce the workforce through attrition is not the same as a commitment to maintain FTE levels, even for the two year period proposed by the Company. It has provided no response to

Local 420's arguments that requiring WEC to maintain current FTE levels in its subsidiary utilities will help to ensure that ratepayers continue to receive the level of services they are paying for under current rates (*see* IUOE Local 420 Initial Brief, p. 1; Direct-IUOE Local 420-Maierle-12). It has given the Commission no reason *not* to impose the condition to maintain the utilities' FTE levels after the acquisition, as proposed by Local 420. The Commission should adopt this proposed condition in its final decision.

Respectfully submitted this 6th day of April, 2015.

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